

Assessment of Transportation Funding Options

October 12, 2011

http://www.fairfaxcounty.gov/tysons/implementation/trans_funding.htm

Transportation Improvements in Plan

1. Grid of Streets

Improvements to transform current superblock street network to a more urban model.

2. Tysons-wide Road Improvements

Road projects to improve traffic flow into and within Tysons (included in Table 7 in Comp Plan).

3. Transit Service Enhancement

Enhanced transit service to capitalize on Metrorail investment and to support transit oriented development.

4. Neighborhood & Access Improvements

Transportation improvements in adjacent neighborhoods and pedestrian and bicycle access to and within Tysons.

All elements are necessary to create a “well balanced, interlinked, multi-modal transportation network” in Tysons.

Planning Horizon

To date, development applications have been submitted that, if fully developed, would reach beyond the 20 year development level

Transportation improvements needed to support the 20 year development level are specified in the Comprehensive Plan

Staff analysis focuses on planning for funding of necessary transportation infrastructure to support the 20 year development level, which allows the Board sufficient flexibility to adjust based upon future fiscal and planning realities

Preliminary 20-year Cost Estimate by Category

1. 20-year Grid of Streets	\$443 M
2. Tysons-wide Road Improvements (Table 7)	\$810 M
3. Transit Service Enhancement	\$374 M
4. Neighborhood & Access Improvements	\$ 70 M
Total	\$1,697 M

Cost estimates prepared by FCDOT based upon 2009 VDOT guidelines
All cost amounts are expressed in 2009-10 dollar values
Cost values will still need to be inflated to year-of-expenditure dollars

Staff Approach to Allocating Funding Share

For each of the four transportation categories, staff's developed preliminary funding allocations to public and/or private sectors were based on:

- *Traditional funding responsibility within Fairfax County*
- *Past experience*
- *Comprehensive Plan implementation guidance*
- *Beneficiary or user benefits*
- *Funding sources available*

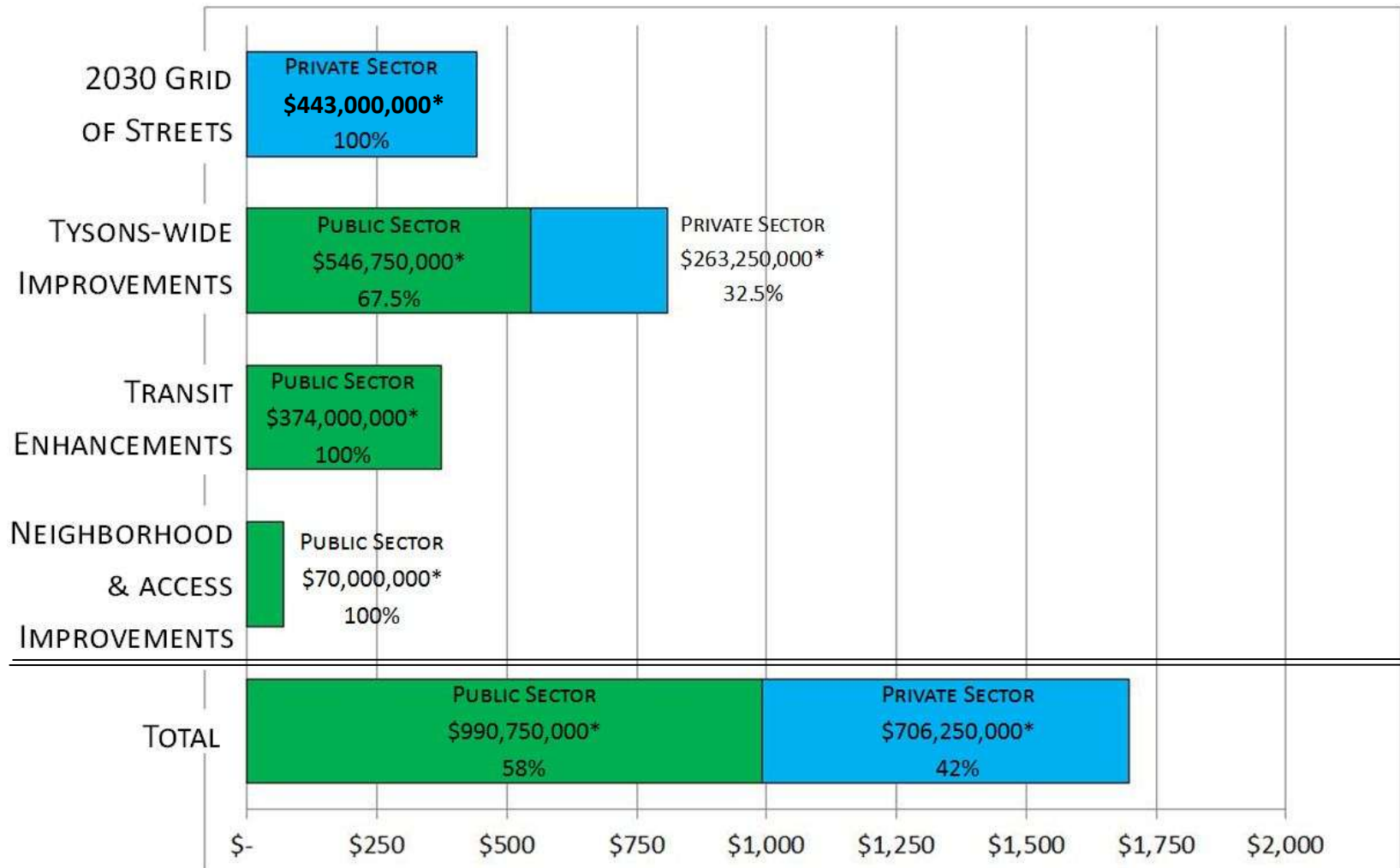
Allocation assumptions treat each category independently from the other categories

Staff Allocation by Category

	<u>Public</u>	<u>Private</u>
1. 20yr Grid of Streets		\$443 M
2. Tysons-wide Road Improvements (Table 7)	\$547 M	\$263 M
3. Transit Service Enhancement*	\$374 M	
4. Neighborhood & Access Improvements	\$ 70 M	
Total	<u>\$991 M</u>	<u>\$706 M</u>

*Does not include shared funding solution for Phase I Dulles Rail improvements

Staff Proposed Allocation by Category



* Cost estimates based on 2009-2010 dollars.

* Public Sector funding assumes Federal, State, Regional and Local contributions.

Shared Funding Responsibility

Comprehensive Plan Guidance: Plan recognizes that cost for transportation improvements will rely on both public and private funding sources

While each solution is unique to the situation, there are a range of transportation funding mechanisms available

Public sector funding will come from federal, state, regional and local sources

Private sector funding may come from:

- *In kind construction concurrent with development*
- *Tax Districts*
- *Tysons Transportation Fund (per square foot or dwelling unit contributions)*
- *Shared construction of significant infrastructure improvements by public and private sectors*
- *Self tax (CDA, TID)*
- *Cash contributions, and/or*
- *Other*

Keys for Success

A financing plan must be:




- ***Timely** - available when construction is needed;*
- ***Reliable** - steady and consistent, especially when used for debt service; and,*
- ***Sufficient.***

Funding Option Criteria

Each funding option was rated on seven criteria to illustrate issues related to each. They are;

- Cost of Financing/Carrying Cost
- General Fund Impact
- Ability to Meet Capital Requirements
- Level of Third Party Concurrence
- Length of Time to Accrue Funds
- Impact on Redevelopment
- Impact to G.O. Debt

Criteria are ranked on color scale:

- Green  = Low impact and/or Most Beneficial
- Orange  = Medium Impact and/or Of Concern
- Red  = High Impact and/or Most Difficult

All funding options can be used for capital and/or operating costs unless otherwise noted

Funding Option – Public

Federal, State and Regional Funding

The nature and extent of state and federal funding is uncertain.

Historically, Fairfax County has received approximately **\$40 - 50 M** annually for all countywide transportation needs. While a transportation funding solution for Tysons will require support from these sources, the historic level of funding may not be available in the future due the following factors;

- Availability of Federal funding for new construction projects remains extremely uncertain until a new federal transportation bill is enacted by Congress. Federal action on the transportation bill is overdue by two years,
- State highway funds for construction began being diverted to maintenance in FY02. Due to this, and other factors, it is projected that, without increases in state transportation revenue, the state will not have adequate transportation funds to fully match federal funds within the next few years,
- Regional funding solutions authorized by the state legislature were ruled unconstitutional by the VA Supreme Court. State legislature has not taken action to replace this regional funding,
- All state and federal funds are largely already committed to other projects over the next 6 years (FY12 – FY18) and not available for new projects.

Funding Option – Public

Federal, State and Regional Funding

Portion of funding provided from federal, state or regional sources

Cost of Financing / Carrying Cost	Length of Time to Accrue Funds	General Fund Impact	Impact on Redevelopment	Impact to G.O. Debt	Ability to Meet Capital Requirements	Requires Third Party Concurrence
■	●	■	◆	■	●	●

While Federal, State, and Regional funding is critical to a Tysons funding solution, accurate revenue projections are uncertain at this time

Funding Option – Public

General Revenue Fund (Pay-Go)

Dedicate portion of general revenue collected through property taxes

Cost of Financing / Carrying Cost	Length of Time to Accrue Funds	General Fund Impact	Impact on Redevelopment	Impact to G.O. Debt	Ability to Meet Capital Requirements	Requires Third Party Concurrence
■	◆	◆	■	■	◆	■

Through 2030

\$0.01 Real Estate tax rate dedication ≈ **\$385 M**

Funding Option – Public

General Obligation Bond Program

Include all or a portion of infrastructure projects into County's CIP and debt program; can only be used for capital funding.

Cost of Financing / Carrying Cost	Length of Time to Accrue Funds	General Fund Impact	Impact on Redevelopment	Impact to G.O. Debt	Ability to Meet Capital Requirements	Requires Third Party Concurrence
■	■	■	■	◆	◆	◆

Through 2030

Annual allocation to be considered in conjunction with other CIP priorities and debt capacity

Funding Option – Public

Commercial Transportation Tax (C&I Fund)

Dedicate portion of revenue collected through C&I Fund.
FY2009 rate is \$0.11 (max rate permitted through FY13 is \$0.125; starting in FY14 max rate permitted is \$0.25)

Cost of Financing / Carrying Cost	Length of Time to Accrue Funds	General Fund Impact	Impact on Redevelopment	Impact to G.O. Debt	Ability to Meet Capital Requirements	Requires Third Party Concurrence
◆	◆	■	◆	■	◆	◆

Through 2030

24% of C & I dedication (\$0.0267) ≈ **\$230 M**

48% of C & I dedication (\$0.0535) ≈ **\$470 M**

(Tysons currently contributes ≈ 24% of total C&I revenue)

Funding Option – Public

Meals Tax (Pay-Go)

VA law permits the establishment of a countywide 4% meals tax through referendum; a portion could be dedicated for transportation

Cost of Financing / Carrying Cost	Length of Time to Accrue Funds	General Fund Impact	Impact on Redevelopment	Impact to G.O. Debt	Ability to Meet Capital Requirements	Requires Third Party Concurrence
■	◆	■	■	■	■	●

Through 2030

Meals Tax at 4% could generate ≈ **\$80 M** annually countywide (**\$1.6 B** over 20 years) which is sufficient to fund Tysons-wide improvements, as well as a significant number of other Countywide transportation improvements

Funding Option – Public

Tax Increment Financing (TIF)

Capture projected incremental property tax revenue stream and allocate all, or portion, to transportation improvements

	Cost of Financing / Carrying Cost	Length of Time to Accrue Funds	General Fund Impact	Impact on Redevelopment	Impact to G.O. Debt	Ability to Meet Capital Requirements	Requires Third Party Concurrence
100% TIF	●	◆	●	■	■	■	■
Capped TIF	●	◆	◆	■	■	◆	■

Through 2030

100% of TIF at \$1.07 and 3% annual growth value ≈ **\$615 M**

Since 100% TIF is unlikely, as an alternative,

Capped TIF ≈ **\$348 M** at maximum annual amount equal to \$0.01 tax rate value

Funding Option – Private

Special Tax, Service District, or CDA

ad valorem special tax or special assessment within defined geographic area

Cost of Financing / Carrying Cost	Length of Time to Accrue Funds	General Fund Impact	Impact on Redevelopment	Impact to G.O. Debt	Ability to Meet Capital Requirements	Requires Third Party Concurrence
◆	●	■	◆	■	■	●

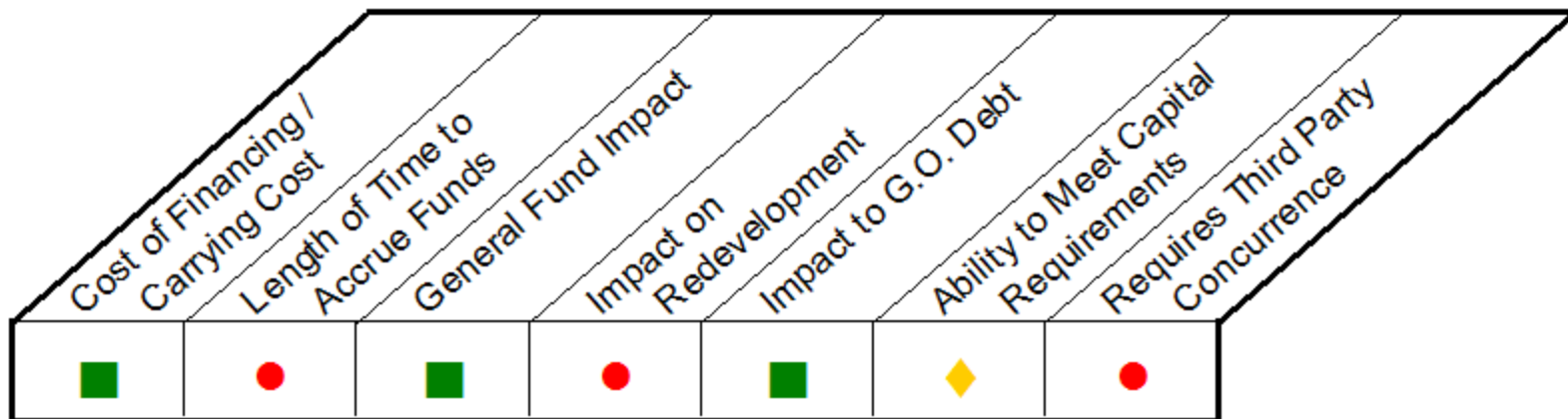
Through 2030

Ad valorem tax rate wrapped around Dulles Rail Phase I
maximum of \$0.29 (\$0.07 to start) ≈ **\$733 M**

Funding Option – Private

Development Contributions









































Funds or in-kind construction commitments provided either from individual proposals or from private-private partnerships



Through 2030

Contribution levels and timing are unpredictable; currently estimate **\$443 M** will be provided with in-kind construction for grid of streets

Funding Option – Summary

	Public Sector Sources							Private Sector Sources	
	State/Federal Funding	General Fund (Pay Go)	G.O. Bonds	C&I Funds	Meals Tax (Pay Go)	100% TIF	Capped TIF	Service District /CDA	Developer Contributions
Cost of Financing / Carrying Cost (Lowest to High)									
Length of Time to Accrue Funds (Sooner to Later)									
General Fund Impact (Low to High)									
Impact on Redevelopment (Low to High)									
Impact to G.O. Debt (Low to High)									
Ability to Meet Capital Requirements (High to Low)									
Requires Third Party Concurrence (Degree of Difficulty)									



Low Impact and/or
Most Beneficial



Medium Impact and/or
Of Concern



High Impact and/or
Most Difficult

Funding Option – Summary

Solution likely to blend variety of options

	<u>Public</u>	<u>Private</u>
Total Need (staff allocation)	\$991 M	\$706 M
<u>Potential Revenues:</u>		
<u>Public</u>		
-100% TIF	\$615 M	
-Capped TIF at \$0.01 G.F. Amount	\$348 M	
-General Fund / Pay-Go @ \$0.01 RE Dedication	\$385 M	
-Meals Tax (4%)	\$547 M +	
-G.O. Bonds	\$400 M +	
-Federal, State, and Regional funds	Unknown	
-C&I Funds, \$0.04 dedication	\$470 M	
<u>Private</u>		
-Special tax district, \$0.07 to start tied to Rail		\$733 M
-Developer Contributions (in kind, road club, proffer)		\$443 M +